



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

SEP 26 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. J. Larry Sorsby
Executive Vice President
Hovnanian Enterprises, Inc.
110 West Front Street
P.O. Box 500
Red Bank, New Jersey 07701

Re: Demand for Stipulated Penalties
United States, et al. v. Hovnanian Enterprises, Inc.
Docket No. 10-cv-1742-TJS (E.D. Pa. 2010)

Dear Mr. Sorsby:

Pursuant to Section VII of the above-referenced Consent Decree, the U.S. Environmental Protection Agency ("EPA") is issuing a demand for stipulated penalties to Hovnanian Enterprises, Inc. (Hovnanian) for violations of the Decree documented in Hovnanian's 2011 National Compliance Summary Report submitted to EPA on February 24, 2012. This letter is to demand payment to the United States of stipulated penalties in the amount of \$114,400 for those violations, pursuant to Paragraph 29 of the subject Consent Decree. The enclosed Attachment 1 provides details about the calculation of this stipulated penalty demand.

Pursuant to Paragraph 31.b of the Consent Decree, stipulated penalties are due and payable within thirty (30) days of Hovnanian's receipt from EPA of a demand for payment of the penalties, unless Hovnanian invokes the procedures under Section IX thereof (Dispute Resolution).

In addition, pursuant to Paragraph 31.c of the Decree, Hovnanian is required to pay stipulated penalties to the Commonwealth of Virginia in the amount of \$7,500 as follows: payment of stipulated penalties due to the Commonwealth of Virginia shall be made by check, money order, or cashier's check made out to the Treasurer of Virginia including a notation "For Virginia Stormwater Management Fund/Hovnanian Consent Decree," and mailed to:

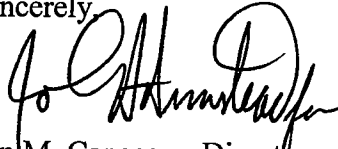
Department of Conservation and Recreation
Division of Finance
Accounts Payable
203 Governor Street, Suite 302
Richmond, VA 23219

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For your additional information, EPA has today sent you under separate cover copies of two proposed find two proposed documents: an Administrative Order on Consent and a Consent Agreement and Final Order.

If you have any questions regarding this demand for stipulated penalties, please contact Lori G. Kier, Esq., at 215-814-2656.

Sincerely



Jon M. Capacasa, Director
Water Protection Division

cc: Nancy Flickinger, Esq.
U.S. Department of Justice
P.O. Box 7611
U.S. Department of Justice
Washington, DC 20044-7611

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